

Program Budget Comparison

The following table summarizes the total Legislative budget by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	1.25	1.25	1.25	1.25	1.25	1.25	0.00	0.00 %
Personal Services	9,879	97,223	108,177	107,882	107,102	216,059	108,957	101.73 %
Operating Expenses	59,891	51,049	73,976	73,935	110,940	147,911	36,971	33.33 %
Total Costs	\$69,770	\$148,272	\$182,153	\$181,817	\$218,042	\$363,970	\$145,928	66.93 %
State/Other Special Rev. Funds	69,770	148,272	182,153	181,817	218,042	363,970	145,928	66.93 %
Total Funds	\$69,770	\$148,272	\$182,153	\$181,817	\$218,042	\$363,970	\$145,928	66.93 %

Program Description

The Board of Horse Racing (BOHR) Program is responsible for:

1. Regulation of the live, simulcast, and advance deposit wagering horse racing industry;
2. Ensuring compliance by approximately 1,200 licensees with state laws and board rules;
3. Licensing all racing personnel, establishing race dates for various communities, and establishing veterinary practices and standards in connection with horse racing meets; and
4. Auditing, supervising and conducting investigations related to the pari-mutuel racing system in Montana.

The Board of Horse Racing is funded with state special revenue derived from a 1% tax on gross receipts from pari-mutuel betting. For live racing and simulcast facilities, the tax is the greater of 1% of gross betting receipts or the actual cost to the board for regulating the meet.

Program Highlights

Board of Horse Racing
<ul style="list-style-type: none"> • The 2017 biennium budget increases 22.7% or \$67,400 when compared to the 2015 beinnium appropriated budget • Financial issues limited spending in FY 2014 which drives the increase

Program Narrative

The legislature transferred the Board of Horse Racing from the Department of Livestock in SB 215 enacted by the 2013 Legislature. The state special revenue fund that supports the activities of BOHR had a negative fund balance when it was transferred to the department at the beginning of FY 2014 of (\$192,245). The balance of the fund also ended FY 2014 in the red at (\$214,357). Part of the reason for the negative fund balance is a general fund loan provided to the Board of Horse Racing in FY 2012. The loan balance was \$439,000 at FYE 2014. The BOHR is required to pay \$62,843 each year. Impacts resulting from these financial challenges include contracting for services to administer the program rather than hiring an individual and reducing or eliminating travel. The legislature provided funding at the FY 2015 level allowing the BOHR to hire FTE if the finances improve.

Funding

The following table shows program funding by source from all sources of authority.

Department of Commerce, 78-Board of Horseracing Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
02029 Board Of Horse Racing	243,970	0	550,662	794,632	86.88 %	
02063 BOHR SIMULCAST	120,000	0	0	120,000	13.12 %	
State Special Total	\$363,970	\$0	\$550,662	\$914,632	100.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$363,970	\$0	\$550,662	\$914,632		

State special revenues supporting the Board of Horse Racing and appropriated in HB 2 are derived from two main sources:

- Simulcast racing with 1% of the statewide simulcast “handle” returned for operations and 1% of all “handles” and 3% of exotic “handles” for live racing in Montana
- Pari-mutuel gambling whereby 26% of the revenues are divided between the BOHR (16%), pari-mutuel network provider (Montana State Lottery 6%), and game retailers (4%)

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	0	0	0	0.00 %	148,272	148,272	296,544	81.47 %
PL Adjustments	0	0	0	0.00 %	33,881	33,545	67,426	18.53 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$0	\$0	\$0		\$182,153	\$181,817	\$363,970	

The legislature provided present law adjustments including:

- Funding to support the state share contribution for employee insurance and employer costs
- Increases in operating costs

Present Law Adjustments

The “Present Law Adjustments” table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

Present Law Adjustments										
	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 515 - State Share Health Insurance	0.00	0	608	0	608	0.00	0	608	0	608
DP 525 - Fixed Costs Adjustment	0.00	0	(765)	0	(765)	0.00	0	(765)	0	(765)
DP 527 - Inflation Deflation Adjustment	0.00	0	(103)	0	(103)	0.00	0	(103)	0	(103)
DP 529 - Longevity and Other adjustments	0.00	0	414	0	414	0.00	0	492	0	492
DP 7800200 - Operating Cost Adjustments	0.00	0	23,795	0	23,795	0.00	0	23,754	0	23,754
DP 7800210 - Other Personal Services Changes	0.00	0	9,932	0	9,932	0.00	0	9,559	0	9,559
Grand Total All Present Law Adjustments	0.00	\$0	\$33,881	\$0	\$33,881	0.00	\$0	\$33,545	\$0	\$33,545

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance, as adopted by the 2013 Legislature.

DP 525 - Fixed Costs Adjustment -

The legislature adopted proprietary rates for fixed costs charged to state agencies for services such as information technology or rent and grounds maintenance within the capitol complex. Rates for messenger services, legislative audit, grounds maintenance, records management, agency legal costs, and the statewide cost allocation plan were adopted as proposed by the executive. The legislature lowered proprietary rates for warrant writer, payroll services, SABHRS, SITSD fees, and rent. The legislature increased insurance premiums to provide for increased costs of claims and to establish a reserve for the insurance fund.

DP 527 - Inflation Deflation Adjustment -

The legislature adopted inflation/deflation factors for budgeted expenditures such as food or electricity. The legislature concurred with the executive on the factors with the exception of gasoline, aviation gasoline, diesel fuel, and jet fuel. For these factors the legislature further deflated costs to align the budget with more current information on declining prices of oil and gas projected to continue into the 2017 biennium.

DP 529 - Longevity and Other adjustments -

The legislature adopted personal service adjustments for unemployment insurance, workers compensation rates, longevity, retirement, and health benefits.

DP 7800200 - Operating Cost Adjustments -

Adjustments for indirect costs charged through proprietary rates in the Director's Office were approved by the legislature.

DP 7800210 - Other Personal Services Changes -

The legislature provided funding to support increased costs for personal services within the Board of Horse Racing.